

Weekly Column for September 28, 2006

Well after a one-week absence, I am back with budget news. I know it is everyone's favorite time of the year.

Before I get into all the financial details, I want to say that next week, I will indeed finish up with the new stores and art galleries in the downtown area, and share an interesting e-mail I received last week about shopping locally during the holiday season. But that is for next week; this week we're talking money.

The budget process this year was a difficult one, but each decision we made was in the best interest of the taxpayers. Rather than just repeating myself, I thought I would reprint my budget message hear for everyone to read:

September 29, 2006

Honorable Henry Bauer, City Council President,
Honorable Members of the City Council,
Department Heads

Pursuant to the Troy City Charter we are submitting to you our recommended budget for 2007.

The most challenging task of municipal government is in presenting, maintaining, planning a budget, and then executing within your yearly constraints. The year 2006 has been a challenge for municipalities across the country. Rising energy costs, increases in health care, and the overall cost of living are not just issues for the average citizen; they are each an issue for the City of Troy.

It is the sworn duty of public officials to provide the day-to-day services that each City needs to thrive, while limiting the already excessive burden that the taxpayers in Troy have to bear. This must be done no matter the current economic situation. Despite dramatic mandated cost increases, we have managed to achieve the above condition thanks to three years of steadfast commitment to achieve more with less.

In 2007, the following expenses will cost the City of Troy significantly more than in previous years:

- Health Care costs will rise from \$10.3 million to \$11.3 million in 2007, an increase of more than **9 percent**. Just five years ago that number was **less than \$5 million**.

- Retirement will rise from **\$3.9 million to \$5.1 million** in 2007. This increase is a result of New York State municipalities no longer being in the position to amortize any portion of their current retirement bills. In 2001, the City's retirement costs **were a mere \$300,000**.
- Fuel and Utility costs will again jump significantly over original 2006 projects, costing the City of Troy **ten percent** more in 2007 to **\$2.4 million**.

Those above categories alone, **which cannot be controlled by local government, represent \$12 million in increases since 2001.**

For the third consecutive year, this news brings with it a warning that the City of Troy must continue the conservative trends this office and the City Council has advocated for in previous years. Failure to adhere to the conservative method of budgeting will only lead to the dramatic tax increases that in years past have often crippled unsuspecting taxpayers.

Despite the increasing costs we continue to overcome, the future in the City of Troy looks brighter than ever. It is my sincere belief that 2007 will be the year that you not only see changes throughout the City of Troy, but that those positive transformations begin to be realized in a manner that gives back directly to the taxpayers.

For the better part of this decade, sales tax revenues in the City of Troy and Rensselaer County have grown steadily, and we are confident this trend will continue. The City of Troy is on track in its 2006 estimates, and recommends conservatively bumping the number up in 2007 by one percent to \$12.4 million.

In 2007, the City of Troy will also receive an additional two million dollars in New York State Aid. As was discussed last year, a portion of the **additional funds were set aside for municipalities with sound financial planning**. The City of Troy qualified for this funding by presenting an updated four-year financial plan to the State Comptroller and Financial Supervisory Board.

Once again this year during the budget process we asked that all department heads look hard at their individual department costs and cut unneeded funds.

This budget proposes no positions be cut in 2007, though will add an additional Police Officer to the force with funds obtained by our grants writer. This City of Troy has made a concerted effort to add jobs that will only be cost effective and help improve the quality of life. This budget also includes additional funding for a part-time animal control officer in response to requests from residents. We thank the City Council for its continued support of this plan. From the beginning of 2004, we have cut more than a dozen patronage positions, and relieved taxpayers from millions of dollars in salaries and benefits.

Despite the increases discussed earlier, **31 percent in Retirement, more than 9 percent in Health Care, and 50 percent in energy**, the general fund budget in the City of Troy

will increase only slightly in 2007. Additional cuts by department heads, slight increases in sales tax revenue and state aid, have allowed the City to curb the burden on our taxpayers.

This budget proposes a tax increase of **just 2.45 percent**.

At that rate, a home in Troy, with a **\$100,000 full value** will see a City tax increase of **\$30 in 2007**.

Because of two additional mandates in the water department, the City of Troy is also proposing a minor increase in the water rate. As we continue to search for different avenues to market our water, we must ensure the quality of the source is not compromised. To that end, the City of Troy is under mandate for two separate issues that necessitate the water rate increase. Those two issues are:

- The development of the Environmental Protection Agency's required Combined Sewer Overflows (CSO's) Long Term Control Plan with the Albany Pool Communities and the Capital District Regional Planning Commission.
- The design, construction, and operation of the Sludge Dewatering Facilities at the John P. Buckley Water Treatment Plant, which we currently are under a Department of Environmental Conservation Consent Order to build.

The water rate will increase from \$5.39 per thousand gallons of water to \$5.70 per thousand gallons in 2007. For the average household, that is an increase of about **\$2.50 per month**. The percentage of the sewer rate is also proposed to increase from 34.5 percent to 43.5 percent, which will cost average users, **approximately \$3.40 more per month**. This rate change will also be reflected in the wholesale of water to the Towns of Brunswick, North Greenbush, Schaghticoke, and the Village of Waterford.

We understand that these costs are difficult and proposing them is an unfortunate, but necessary, step. As I said previously, if we are to maintain the quality of our water for future sale to other communities, this action is vitally important.

On a final note, the City is not proposing any fee increases that disguise a tax increase. Our budget has increased minimally despite uncontrollable cost escalations, and the elimination of unused debt service money that previous officials used as a fall back option.

This proposed budget was accomplished only through discipline and hard work. We are pleased with this spending plan. It is a budget that will be balanced, and will keep the City of Troy on a course for success in years to come. Your support in our continued revitalization is crucial, and we look forward to working together with you.

As you may or may not be aware, the next step in the budget process is for the council to visit with each department head and gain a greater understanding of the budgets and why each area is broken down the way it is. If you personally have any questions, please do

not hesitate to contact me at your convenience, through phone (270-4401) or email me mayorsoffice@troyny.gov

Thank you and have a great weekend.

Harry J Tutunjian
Mayor of Troy